

Watervliet Joint Fire Board

Financial Statements

March 31, 2005

RENDEL ELIE

— & —

ASSOCIATES PLC

CERTIFIED PUBLIC ACCOUNTANTS

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Watervliet Joint Fire Board	County Berrien
Audit Date 3/31/05	Opinion Date 10/12/05	Date Accountant Report Submitted to State: 10/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Rendel Elie & Associates PLC, CPA's			
Street Address 1010 Main Street	City St. Joseph	State MI	ZIP 49085
Accountant Signature <i>Rendel Elie, CPA</i>			Date 10/26/05

Watervliet Joint Fire Board

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RENDEL ELIE
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ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Trustees
Watervliet Joint Fire Board
Watervliet, Michigan

We have audited the accompanying basic financial statements of the Watervliet Joint Fire Board as of March 31, 2005 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the management of the Watervliet Joint Fire Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Watervliet Joint Fire Board as of March 31, 2005 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Watervliet Joint Fire Board. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RENDEL ELIE
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ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report (continued)

The management discussion and analysis included in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Watervliet Joint Fire Board. We did not examine this data and, accordingly, do not express an opinion thereon.

As discussed in the notes, the Watervliet Joint Fire Board adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant fund, as well as in total on the full accrual basis of accounting.

Rendel Elie & Associates
RENDEL ELIE & ASSOCIATES, PLC
CERTIFIED PUBLIC ACCOUNTANTS

October 12, 2005

Watervliet Joint Fire Board
Management's Discussion and Analysis
March 31, 2005

Using this Annual Report

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Fire Board:

- The first column of the financial statements includes information on the Fire Board's General Fund under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Fire Board's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *government-wide financial statement* columns provide both *long-term* and *short-term* information about the Fire Board's *overall* financial status. The statement of net assets and the statement of activities provide information about the activities of the Fire Board as a whole and present a longer-term view of the Fire Board's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

**Watervliet Joint Fire Board
Management's Discussion and Analysis
March 31, 2005**

Condensed Financial Information

The table below compares key financial information as of March 31, 2005. Comparative data will be shown in future reports.

Assets:	
Current assets	\$ 54,935
Noncurrent assets	<u>842,306</u>
Total assets	897,241
Liabilities:	
Current liabilities	8,503
Noncurrent liabilities	<u>305,000</u>
Total liabilities	313,503
Net assets:	
Invested in capital assets, net of related debt	537,306
Unrestricted	<u>46,432</u>
Total net assets	<u><u>\$ 583,738</u></u>
Revenue:	
Property taxes	\$ 139,613
Local unit contributions	15,953
Grant revenue	10,800
Other	<u>2,893</u>
Total revenue	169,259
Expenses	<u>185,707</u>
Change in net assets	<u><u>\$ (16,448)</u></u>

**Watervliet Joint Fire Board
Management's Discussion and Analysis
March 31, 2005**

The Fire Board as a Whole

- The Fire Board's net assets decreased by \$16,448 this year. The primary reason for the decrease is due to depreciation.
- The Fire Board's primary source of revenue is from property taxes, which represents 82% of total revenue.
- Personnel costs continue to be a significant expense of the Fire Board, representing 23% of the Fire Board's total expenses.

Capital Asset and Debt Administration

The Fire Board continues to make payments to Watervliet Township for the construction of the addition to the fire station. Final payment on this loan is scheduled to be paid on September 1, 2015.

Capital assets increased by \$2,298 for the purchase of equipment.

Fire Board Budgetary Highlights

Over the course of the year, the Fire Board amended the budget to take into account events that occurred during the year. The most significant amendments occurred in education and training and repairs and maintenance.

Contacting the Fire Board's Management

This financial report is intended to provide a general overview of the Fire Board's finances and to show the Fire Board's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Fire Board treasurer, David Brinker at the Watervliet Fire Department.

Watervliet Joint Fire Board
Governmental Fund Balance Sheet / Statement of Net Assets
March 31, 2005

	General Fund		Statement of
	Modified		Net Assets
	<u>Accrual Basis</u>	<u>Adjustments</u>	
Assets			
Cash	\$ 26,393	\$ -	\$ 26,393
Prepaid insurance	10,268	-	10,268
Receivables	18,274	-	18,274
Capital assets, net	-	842,306	842,306
Total assets	<u>\$ 54,935</u>	<u>842,306</u>	<u>897,241</u>
Liabilities			
Accounts payable	\$ 2,850	-	2,850
Accrued wages	5,653	-	5,653
Long-term debt:			
Due within one year	-	18,000	18,000
Due after one year	-	287,000	287,000
Total liabilities	<u>8,503</u>	<u>305,000</u>	<u>313,503</u>
Fund Balance/Net Assets			
Fund balance - unreserved, undesignated	<u>46,432</u>	<u>(46,432)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 54,935</u>		
Net assets:			
Invested in capital assets, net of debt		537,306	537,306
Unrestricted		<u>46,432</u>	<u>46,432</u>
Total net assets		<u>\$ 583,738</u>	<u>\$ 583,738</u>

See auditors' report and notes to financial statements.

Watervliet Joint Fire Board
Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance /
Statement of Activities
Year Ended March 31, 2005

	General Fund Modified <u>Accrual Basis</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
Revenues:			
Property taxes:			
Township of Watervliet	\$ 89,878	\$ -	\$ 89,878
City of Watervliet	49,735	-	49,735
Receipts from other governmental units:			
Township of Bainbridge	15,953	-	15,953
Grant revenue	10,800	-	10,800
Other revenue	2,893	-	2,893
Total revenue	<u>169,259</u>	<u>-</u>	<u>169,259</u>
Expenditures:			
Personnel	44,156	-	44,156
Insurance	19,995	-	19,995
Repairs and maintenance	10,176	-	10,176
Utilities	8,853	-	8,853
Supplies	4,120	-	4,120
Professional services	3,891	-	3,891
Medical	2,032	-	2,032
Fuel	1,239	-	1,239
Education and training	3,438	-	3,438
Board fees	2,338	-	2,338
Dues and subscriptions	864	-	864
Miscellaneous	885	-	885
Capital outlay	2,298	(2,298)	-
Debt service:			
Principal	16,000	(16,000)	-
Interest	16,343	-	16,343
Depreciation	-	67,377	67,377
Total expenditures	<u>136,628</u>	<u>49,079</u>	<u>185,707</u>
Excess of Revenue over Expenditures /			
 Change in Net Assets	32,631	(49,079)	(16,448)
Fund Balance/Net Assets - beginning of year	<u>13,801</u>	<u>586,385</u>	<u>600,186</u>
Fund Balance/Net Assets - end of year	<u>\$ 46,432</u>	<u>\$ 537,306</u>	<u>\$ 583,738</u>

See auditors' report and notes to financial statements.

Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005

Summary of Significant Accounting Policies

Reporting Entity

The Watervliet Joint Fire Board is a joint venture between the City of Watervliet and the Township of Watervliet. The purpose of the Joint Fire Board is to operate, maintain, provide and supervise fire service. The Joint Fire Board operates under a Board of Trustees and consists of members appointed by the City and Township.

The Fire Board is defined as a governmental unit under criteria set forth by AICPA'S Audits of State and Local Governmental Units (ASLGU). These criteria include; a Board of Trustees consisting of representative members appointed or elected from the governmental units served and, the power to enact and enforce a tax levy.

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity.

The accounting policies of the Watervliet Joint Fire Board conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Fire Board's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Fire Board's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements, including notes to the financial statements.

**Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005**

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Fire Board's basic financial statements include both government-wide (reporting the Fire Board as a whole) and fund financial statements (reporting the Fire Board's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Board's net assets are reported in four parts – invested in capital assets; designated net assets; restricted net assets; and unrestricted net assets.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire Board considers revenue to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when collected.

Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Fire Board reports only one major governmental funds, the General Fund.

Financial Statement Amounts

Bank Deposits and Investments – The Fire Board has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables – Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The Fire Board receives an advance from the Berrien County Revolving Fund for delinquent property taxes. The County collects the delinquent property taxes on behalf of the Fire Board.

Capital Assets – Capital assets are defined by the Fire Board as assets with an initial cost of more than \$200 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40-50 years
Furniture and equipment	5-7 years
Vehicles	5-20 years

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Property Taxes –

Township of Watervliet – In November of 2002, the electors of the Township of Watervliet approved a .9803 millage levy on the taxable property in the Township. The levy expires in 2006.

City of Watervliet – On July 15, 2004, the electors of the City of Watervliet approved a 2 millage levy on the taxable property in the City. The levy expires in 2006.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Budget Information

The annual budget is prepared by the Fire Board Director and adopted by the Fire Board of Trustees; subsequent amendments are approved by the Fire Board of Trustees. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statement (combined statement of revenue, expenditures and changes in fund balances – budget and actual – general fund types) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law. A comparison of the actual results of operations, as adopted by the Fire Board, is presented in these financial statements.

Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005

Deposits and Investments

The Fire Board's cash is comprised of bank deposits, including checking and savings accounts and cash on hand. The balance at March 31, 2005 was \$26,393. Of these funds, \$26,193 were covered by federal depository insurance.

Capital Assets

Capital asset activity was as follows:

	Beginning of year <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	End of year <u>Balance</u>
Land and improvements	\$ 18,549	\$ -	\$ -	\$ 18,549
Building under capital lease	521,118	-	-	521,118
Vehicles	522,077	550	-	522,627
Equipment	<u>391,329</u>	<u>1,748</u>	<u>-</u>	<u>393,077</u>
Total	1,453,073	2,298	-	1,455,371
Accumulated depreciation	<u>(545,688)</u>	<u>(67,377)</u>	<u>-</u>	<u>(613,065)</u>
Net book value	<u>\$ 907,385</u>	<u>\$ (65,079)</u>	<u>\$ -</u>	<u>\$ 842,306</u>

Long-term Debt

Debt service requirements - On July 12, 2000, the Fire Board entered into an agreement to finance the construction of the building addition. The following is a summary of changes in long-term debt for the year ended March 31, 2005:

	<u>Interest Rate</u>	<u>Principal Maturity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within One Yr.</u>
Capital lease	4.325%	2015	<u>\$ 321,000</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$305,000</u>	<u>\$ 18,000</u>

Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005

Risk Management

The Fire Board is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Fire Board has purchased commercial insurance for property, liability and workers' compensation.

Reconciliation of Fund Financial Statements to Government-wide Financial Statements

Total fund balance and the net change in fund balance of the Fire Board's governmental fund differs from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance – Modified Accrual Basis	\$ 46,432
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Differences in the statement of net assets:

Capital assets are not financial resources, and are not reported in the funds	842,306
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Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(305,000)</u>
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Net Assets of General Fund – Full Accrual Basis	<u>\$ 583,738</u>
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**Watervliet Joint Fire Board
Notes to Financial Statements
March 31, 2005**

**Reconciliation of Fund Financial Statements to Government-wide Financial
Statements (Continued)**

Net Change in Fund Balances – Modified Accrual Basis \$ 32,631

Differences in the statement of net assets:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	2,298
Depreciation	(67,337)

Repayments of principal are reported as an expenditure in the fund statements, but not in the statement of activities (where it reduces long-term debt)	<u>16,000</u>
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Change in Net Assets of General Fund – Full Accrual Basis \$ (16,448)

Watervliet Joint Fire Board
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended March 31, 2005

	Originally Adopted Budget	Final Amended Budget	Actual Balances	Over (Under)
Revenues:				
Property taxes:				
Township of Watervliet	\$ 88,000	\$ 88,000	\$ 89,878	\$ 1,878
City of Watervliet	45,000	45,000	49,735	4,735
Receipts from other governmental units:				
Township of Bainbridge	12,540	12,540	15,953	3,413
Grant revenue	-	-	10,800	10,800
Other revenue	-	-	2,893	2,893
Total revenue	<u>145,540</u>	<u>145,540</u>	<u>169,259</u>	<u>23,719</u>
Expenditures:				
Personnel	38,000	38,000	44,156	6,156
Insurance	18,500	18,500	19,995	1,495
Repairs and maintenance	12,690	11,500	10,176	(1,324)
Utilities	8,500	8,500	8,853	353
Supplies	3,000	3,000	4,120	1,120
Professional services	6,750	6,200	3,891	(2,309)
Medical	2,500	2,500	2,032	(468)
Fuel	3,000	3,000	1,239	(1,761)
Education and training	4,500	3,300	3,438	138
Board fees	3,500	3,500	2,338	(1,162)
Dues and subscriptions	800	800	864	64
Miscellaneous	1,000	-	885	885
Capital outlay	10,000	10,000	2,298	(7,702)
Debt service:				
Principal	32,800	32,800	16,000	(16,800)
Interest	-	-	16,343	16,343
Total expenditures	<u>145,540</u>	<u>141,600</u>	<u>136,628</u>	<u>(4,972)</u>
Excess of Revenue over Expenditures /				
Change in Net Assets	-	3,940	32,631	28,691
Fund Balance/Net Assets - beginning of year	<u>13,801</u>	<u>13,801</u>	<u>13,801</u>	-
Fund Balance/Net Assets - end of year	<u>\$ 13,801</u>	<u>\$ 13,801</u>	<u>\$ 46,432</u>	<u>\$ -</u>

RENDEL ELIE
— & —
ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS

October 25, 2005

Watervliet Joint Fire Board
Watervliet, Michigan

Report of Comments and Recommendations

In planning and performing our audit of the financial statements of the Watervliet Joint Fire Board, for the year ended March 31, 2005, we considered its internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Watervliet Joint Fire Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of the internal control structure was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in any control structure, errors or irregularities may occur and not be detected by such control structure.

We consider the first two items to be reportable conditions. We offer the following comments for your consideration:

General ledger – The Michigan Department of Treasury requires certain basic accounting records be maintained, including a general ledger. The Fire Board does not currently maintain a general ledger. The Board records consist of checkbook and savings account, deposit slips, a journal of monthly transactions, and monthly financial reports containing selected financial information. A general ledger is necessary to accumulate year-to-date balances and provide an audit trail. The Quickbooks computerized software that the Fire Board owns has this feature. We recommend the Board continue with its intent on implementing this.

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(269) 983-3606 fax

RENDEL ELIE
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ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS

Financial Reports - The Fire Board receives a monthly financial report from the treasurer, but a detailed revenue and expenditure report – budget to actual has not been included in the past. We suggest the Fire Board include the budget in the Quickbooks software it intends to implement, to aid in preparing this report for monthly review.

Township Tax Collection Agreement – The Fire Board has an understanding with the Township to establish an alternative (monthly) schedule for delivering tax collections. This appears to be an allowable alternative schedule to the standard 10 business day rule set forth in MCL 211.43. Since the agreement covers an annual period and not the tax collection period, we would recommend that the Fire Board request a financial reporting from the Township at the end of each tax collection period.

Management Responsibility on Fraud – We suggest the Fire Board develop and implement a Code of Ethics to communicate the principles it expects to guide the work of the Fire Board. With the public exposure of accounting fraud, a new sense of awareness of the responsibilities for fraud prevention and detection has arisen. Presently, the Fire Board has no formal Code of Ethics.

Insurance coverage – The Board may want to review its asset listing with its insurance agent to be sure that coverage is adequate. The total cost of assets is \$1,455,371, while it appears that coverage is only \$1,141,575.

Disaster recovery plan for financial records – Currently the Fire Board maintains manual records. We suggest the Board consider including an offsite computer backup plan in its recovery plan after implementing and maintaining its accounting software.

We wish to express our appreciation for the friendliness and cooperation extended to us during this audit.

Rendel Elie & Associates
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